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DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 22, 2014

David L Penney
Penney's Gemstones LLC
P.O. Box 312
Beaver, Utah 84713

Subject: Deficient Amended Notice of Intention to Commence Small Mining Operations, Penney's Gemstones LLC, Little Spot Mine, S/027/0024, Millard County, Utah

Dear Mr. Penney:

The Division of Oil, Gas and Mining recently received an amendment to the Little Spot Notice of Intention to Commence Small Mining Operations (Notice). The following items will need to be addressed and provided before the amendment can be approved:

1. The permit fee of \$150 needs to be paid for 2013.
2. Page 3 – In section 5, report the ownership of the land surface, and provide the address.
3. Page 4 – Please show the amount of material (including mineral deposit, topsoil, subsoil, overburden, waste rock, or core hole material) to be extracted, moved, or proposed to be moved, relating to the mining operation. The Notice shows approximately how much material would be moved annually, but the rules indicate the Notice should show the total volume or tonnage through the life of the operation.
4. Page 5 – Identify the acreage of the existing disturbance, and indicate on page 5 if you have reclaimed additional acres. The existing disturbance acreage is over five acres (as measured by GPS), and no record of Division approval of either full or partial (earthwork) reclamation is found in the file, though some reclamation earthwork has apparently been done.
5. Location Map – Provide a location map identifying the access roads from Kanosh or Black Rock.
6. Operation Map – Identify the following:
 - a. The planned disturbance area,
 - b. The location of planned cuts, roads, topsoil piles, stockpiles, waste, etc,
 - c. The location of existing cuts, roads, stockpiles, waste, topsoil, etc, and
 - d. Any disturbance for which you are not responsible.
7. Reclamation Surety - See the table below.

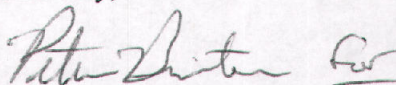
Based on the statement in the operation description that the disturbance will be 10 acres, the required reclamation surety is \$60,200 as shown in the table below. The Division assumes, however, that you may plan to maintain a disturbance of fewer acres at any one time. In this case, the Notice needs to clearly state the planned active disturbed acreage at any one time, and the surety amount would be determined accordingly.

Disturbance ¹ (acres)	Adjusted 3-yr Reclamation Surety Costs (2013)		
	First Acre ² (3-yr)	Subsequent Cost/Acre	Total - 3 yr (thru 2016)
1	\$9,400	\$5,200	\$9,400
2	\$9,400	\$5,200	\$14,600
3	\$9,400	\$5,200	\$19,800
4	\$9,400	\$5,200	\$25,000
5	\$9,400	\$5,200	\$30,200
6	\$11,600	\$5,400	\$38,600
7	\$11,600	\$5,400	\$44,000
8	\$11,600	\$5,400	\$49,400
9	\$11,600	\$5,400	\$54,800
10	\$11,600	\$5,400	\$60,200
¹ Measured disturbance is rounded up to the next full acre.			
² The cost for the 1 st Acre includes equipment O&M and labor, plus mob/demob, third-party and indirect costs. The sixth acre includes additional mob/demob.			

Please provide your response using replacement pages and Form MR-REV-SMO/EXP, available on the Division's web site. Contact Penny Berry at 801-538-5291 if you have questions regarding forms of reclamation surety.

Please call Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have any questions about this letter. In reply, please refer to file number S/027/0024. Thank you for your cooperation.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB: pnb: eb

cc: David Penney, operator (ep7art@mac.com)
Duane Bays, BLM-Fillmore (dbays@blm.gov)

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